Sizing up the African State: Two Types of Government Errors

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Abstract

There are two goals in this paper. One is to challenge casual assumptions about supposedly unique features of states across Africa. The author feels that it is rash to make any pronouncements about an 'African state', without taking a step back beforehand. To gain the fuller perspective needed, the author adopts a global viewpoint in which Africa is one of several Third World areas. The second goal in this paper is to introduce more quantitative data than the state-oriented literature usually employs, drawing on several new sources. The data are far from rock-solid, and must be used carefully. That said, on several empirical indicators, the 'typical' African state exhibits some surprising features.

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Africanists have put enormous energy into describing, analysing and cataloguing the state in sub–Saharan Africa (hereafter simply Africa). They have variously described these states as 'failed' or 'collapsed', as 'patrimonial' or 'clientelist', as 'predatory' or, even more colourfully, 'vampire-like'.[1] Rich and informative as this literature is, it is surprisingly insular when contrasting African political experience with that of other developing regions. Students of the African state also lean towards the use of single country studies, which can further limit the basis for generalisations. A case study is an excellent method for understanding the particular circumstances of one political system, not for making claims about a wider region.

I have two goals in this paper. One is to challenge casual assumptions about supposedly unique features of states across Africa. It is rash to make any pronouncements about an 'African state', without taking a step back beforehand. To gain the fuller perspective needed, I adopt a global viewpoint in which Africa is one of several Third World areas. My second goal in this paper is to introduce more quantitative data than the state-oriented literature usually employs, drawing on several new sources. The data are far from rock-solid, and must be used carefully. That said, on several empirical indicators, the 'typical' African state exhibits some surprising features.

I do not want to over-generalise about African states on the basis of their standard performance on a limited number of data points. The average state in the region is a statistical artifice, and one must be cautious about making inferences from it. Still, many observers argue that African states share significant common features that set them apart from the rest of the Third World.[2] In some versions of this thinking, the continent is so distinctive in political terms that global comparisons are irrelevant or misleading. So it is worth using new empirical information to demarcate important aspects of the 'typical' African state, to see the similarities and differences with other areas. But we should not push this exercise too far. There is too much variation around the mean to talk of a uniform pattern of political institutions and procedures in Africa.[3]

To organise the discussion, I employ the device of government or 'non-market' failures. These are the corollary of market failures in the private sector (situations when the 'invisible hand' of competition does not improve the well being of society as a whole). Non-market failures occur when the 'visible hand' of the state produces a net social cost or loss.[4] By state, I simply mean an organised legal order within a given geographic territory, one that is recognised by the international community as having the authority to make and enforce public policy.[5] One can easily find examples where state actions (or willful, sustained inactions) have the effect of making almost everyone worse off.

Accordingly, non-market failure is at the centre of contemporary development strategy. This is appropriate, but the official development community tends to avoid looking at the full range of non-market failure. Rather, the so-called 'Washington consensus' slides over the fact that states can go wrong in two different ways, by sins of commission and of omission. They do things government should not do, and they also omit to do things government ought do. We should not minimise the latter side of the problem.

The Washington consensus, at least until a recent shift in emphasis, has dwelt on errors of commission (the state overstepping its bounds). Its familiar 'Ten Commandments of

Government' is a catalogue of things to be against: 'Thou shalt not' spend too much, impose high taxes, go deeply into debt, have import quotas or tariffs, subsidise business, discourage foreign investment, own public enterprises, have a burdensome civil service, or over-regulate the private sector.[6] These are prudent admonishments, but they are, at best, only half the story.

Government's proper role goes well beyond simply getting out of the way or not taking action. Positive things also need doing. Recognising this truth, the old Washington consensus is starting to take a more balanced outlook and also emphasise government errors of omission.[7] The modified view implies a different set of Commandments, of actions the state should take: 'Thou shalt' provide basic security, curb political corruption, assure property rights, mediate disputes even-handedly, supply infrastructure, guarantee basic education, safeguard public health, protect the environment, listen to citizens. No society can prosper with these basic collective tasks left undone.

The rest of this paper considers empirical evidence of how significant the two types of non-market error are in Africa. Seen in the context of international comparisons, how do African states measure up in the defensive or self-limiting functions of avoiding government excess? And how do they rate in the constructive functions of supplying public goods in response to demands from society? I try to answer these questions by systematically looking for international benchmarks. The data do not permit me to say much about the efficiency of state activities; those are qualitative issues better answered through the case method. But I can draw rough lines around the extent and direction of state operations in Africa, and compare the results with other regions.

One forewarning should be made. Many of the datasets I use leave out countries gripped by civil war—countries such as Liberia, Sierra Leone, or Sudan—or that do not generate a paper trail for other reasons, such as international isolation or small population. The samples are thus biased towards the better-governed, better-known societies. Adding these missing data might change the international comparisons, perhaps to the disadvantage of Africa due to the large number of internal conflicts there. On the other hand, strife-torn or isolated countries are not unknown in other regions.

My principal finding is that African states adhere to the first Commandments—avoiding the errors of commission—better than might be expected, but that they have a spottier record on the second Commandments, those associated with errors of omission. I also find fewer points of conflict than expected with other developing areas, and thus little quantitative evidence for a *sui generis* African state.

State Errors of Commission

Errors of commission underlie characterisations of African states as 'swollen' and 'bloated'.[8] So, it is worth establishing whether the typical state in Africa is, in fact, unusually large. Let us consider three conventional measures of the size of government. One is simply the share of public spending in GDP. Another indicator is the size of public employment. The third is the proportion of government ownership of business.

All governments spend money for public order and safety, for national defence, and for economic management. They also provide funds for such social services as education, health and sanitation, and economic services associated with the regulation of business. The mix of spending differs in every country, but African states in the aggregate do not loom as particularly profligate. As Table 1 shows, the average African central government spent the equivalent of one-quarter of GDP in 1995. That is more than governments spent in Latin America or Asia, and less than they spent in the Middle East. The regional differences, however, are not great enough to say they are statistically significant.

Table 1

Central Government Expenditures, 1995
Developing Country Regions

	Sub-Saharan Africa	Latin America & Caribbean	Middle East & North Africa	Asia & Pacific
Per cent of GDP	25.8% (n = 17)	20.8% (n = 18)	30.4% (n = 11)	18.7% (n = 14)

Taken from World Bank, *World Development Indicators* (Washington, 1998).

What about public employment? World Bank researchers recently compiled a comprehensive data set that shows Africa does *not* have inordinate public employment by world standards. Africa actually has fewer government workers per capita than any other developing region (see Table 2). The average Middle Eastern country, for instance, reports 4.0 civilian government workers for every 100 people; the average Latin American country reports 3.5 government workers. For African countries, the average ratio is far less, only 1.9 government workers per 100 population. These differences are statistically significant at the 5 per cent level.

Table 2				
Civilian Public Sector Employment, mid-1990s : Developing Country Regions				
	Sub-Saharan Africa	Latin America & Caribbean	Middle East & North Africa	Asia & Pacific
Per cent of population	1.9% (n = 22)	3.5%* (n = 13)	4.0%* (n = 10)	2.4% (n = 15)

*Significantly different from sub-Saharan Africa at the 5 per cent level.

Taken from Salvatore Schiavo-Campo, Giulio de Tommaso, and Amitabha Mukherjee, 'An International Statistical Survey of Government Employment and Wages', *World Bank Policy Research Working Paper 1806* (Washington, 1997). Civilian Public Sector Employment includes workers in all government organisations financed by government budgets (including health and education providers but excluding national defence and state-owned enterprises).

What of state-owned enterprises? A state-owned enterprise (generally known in Africa as a parastatal) is a government owned or controlled entity that generates the bulk of its revenue from selling goods or services. Here, Africa fits the profile of the rest of the developing world, except for the Middle East and North Africa, which has two times *more* output from public enterprises in relation to the economy. Table 3 reports recent data (circa 1991). Africa's state-owned sector accounts for an average of 12.1 per cent of GDP—roughly the same proportion as in Latin America and Asia. White elephants these parastatal companies may be, but they do not appear to represent noticeably more economic activity in Africa than anywhere else.

Table 3				
State-Owned Enterprises' Share of Economic Activity Selected Regions, 1991 (or nearest available year)				
	Sub-Saharan Africa	Latin America & Caribbean	North Africa & Middle East	Asia & Pacific
Per cent of GDP	12.1% (n = 21)	11.5% (n = 18)	26.2%* (n = 5)	14.0% (n = 11)

*Significantly different from sub-Saharan Africa at the 5 per cent level.

Taken from World Bank, *Bureaucrats in Business* (New York, 1995).

Furthermore, the levels of government spending, public employment, and state-owned enterprise are decreasing across the continent. Supervised by the development assistance institutions, Africa has been undergoing 'structural adjustment' since about 1980. These reform programmes are meant, essentially, to correct the non-market error of government excess. Structural adjustment has had little effect stimulating economic growth or reducing Africa's dependency on foreign assistance, but it has led to marginally smaller government.

Public expenditure in Africa (including North Africa) fell to a slightly lower share of the economy in 1995 than it had been in 1980—28 per cent versus 29.7 per cent.[9] Likewise, the total number of central government workers in a sample of African countries dropped by over 100,000 (or 7 per cent) during the 1980s and early 1990s.[10] Spending on public wages and salaries also fell. The region's central government wage bill receded by 1.2 per cent of GDP between 1986 and 1996.[11] So African states have curbed both their spending and the size of their bureaucracies.

The same downward trend is true of government corporate holdings, though to a smaller degree. According to a World Bank study, African states liquidated or sold about 500 firms through 1990. The pace of privatisation picked up after 1990, with nearly 2,000 privatisations by 1996. The total value of these transactions remains modest, however, at about $2.7 billion as of 1996, or only around 1 per cent of the regional GDP.[12]

Any reductions in budgets, civil service systems, and parastatal corporations are surprising. States seldom choose to trim their spending. In Africa, the bureaucracy and the state-owned sector are the most important sources of political patronage, and pruning them may cut off key constituents.[13] So no one is surprised when African states balk at the hard choices demanded by their international creditors. Yet, against the odds, these states have made some cuts, inadequate though the results may be.

The picture that emerges is not of 'big government' in the usual sense, though neither is it a picture of public sector minimalism. African governments are still stretched beyond their means (as indicated by budget deficits and aid dependence). They also are large relative to the revenue generating capacity of their economies. Public employment, for instance, represents a major share of the jobs in Africa's limited formal sector. Similarly, state-owned enterprises make up much of the region's scant industrial capacity. However, we can rule out the argument that these figures are generally beyond the ordinary size for the developing world. To the extent African states are out of scale, it is mainly in relation to their own resources.

Non-Market Errors of Omission

Even if African states have taken on too much, that does not absolve them of making non-market mistakes of omission. No amount of resources guarantees any government 'does the right thing' to provide the rule of law, health and education services, and other public goods. To what extent are Africa's states not taking the positive actions they need to take? The perception is that this kind of non-market failure is widespread.[14]

Many Africanists use a similar concept, the 'soft state', to depict the failures of omission that mar the region's political systems.[15] When a state is soft it neglects critical functions. It defers controversial policy decisions, and reverses decisions it does take. State softness is sometimes confused with the continuum between autocracy and democracy. But the concept is different. It refers to a government's capacity or incapacity for action. An autocratic states need not be better at doing things. The opposite is more likely. Autocratic states are frequently paralysed, because they lack the accurate information and voluntary compliance that make it possible for governments to act.

The question for this paper is whether, from the standpoint of the Third World at large, African states are unusually soft, unusually prone to make errors of omission. How much cross-national evidence shows that important public tasks are being shirked to a greater extent than they are elsewhere? Measuring any state's hardness or softness is less straightforward than measuring a state's size, as I tried to do in the previous section. We cannot look simply at inputs, such as public spending or employment. We must look instead for indicators of government output and performance. These are more difficult to come by, but recent sources of new political data can help.

Among the public sector's most important jobs, three stand out: to maintain honest and open decision making procedures, to incorporate public opinion in its deliberations, and to provide a solid set of rules for private economic activity. Fortunately, indicators exist of political corruption, democracy, political stability, and economic freedom. The data can help determine how successfully African states discharge their constructive duties.

'Hard states' insist on government integrity. They have procedures in place that prevent bureaucrats and politicians from abusing their power for private ends. 'Soft states' are powerless to stop political corruption. Africa, however, is well known for having soft states in this sense. The late President Mobutu is probably the most notorious example of a corrupt leader. So it is illuminating to inquire whether offences like his are especially common in the sub-Saharan region vis-à-vis other regions. The answer seems to be no, according to Transparency International's Corruption Perception Index, reported in Table 4.

TABLE 4

Corruption Perception Index
Mean Scores by Developing Country Regions, 1998

	Sub-Saharan Africa	Latin America & Caribbean	North Africa & Middle East	Asia & Pacific
Perceived Corruption (0 = most corrupt, 10 = least)	3.5 (n = 15)	3.4 (n = 17)	3.9 (n = 5)	4.3 (n = 18)

Figures are taken from Transparency International's website: www.transparency.de. Political corruption is the misuse of public power for private profit. Transparency International relies on international surveys as the most credible means to rank nations by perceived corruption. No one of these sources combines a sufficiently large sampling frame with a convincing methodology to produce reliable comparative assessments. Hence, Transparency International has opted for a composite index, as the most statistically robust means of measuring perceptions of corruption.

Transparency International is a non-profit organisation formed in 1993 to help raise ethical standards of government around the world. Its index assesses the degree to which public officials and politicians are believed to accept bribes, take illicit payment in public procurement, embezzle public funds, and commit similar crimes. The index is based on 10 international business surveys conducted by several other organisations. Each of these other surveys uses different sampling frames and varying methodologies. The Corruption Perception index thus is a ‘poll of polls’, reflecting the impressions held by business people and risk analysts who have been surveyed in a variety of ways. It assumes, perhaps erroneously, that corruption means the same thing in different societies, and that perceptions are a reasonable reflection of ‘true’ levels of corrupt behaviour.

According to the 1998 tally, African countries are seen, on average, to be slightly less corrupt than Latin American countries, and somewhat more corrupt than countries in either the Middle East or Asia. None of these differences is great enough, however, to say they are more than a matter of chance. So there seems no cause to conclude from the data that African states are, on average, exceptionally dishonest. Corruption does hinder government action in Africa, and it does in other regions, too.

One possible remedy to the political dishonesty that does exist is democratisation, or ‘good governance’ in the development community’s jargon. The United Nations Development Programme defines governance as the exercise of authority to manage a country’s affairs.[16] Good governance, according to the UNDP, is participatory, transparent, and accountable. The World Bank’s definition is similar: the manner in which power is exercised to manage development, which the Bank suggests works best when procedures are clear and decisions are responsive to public demands.[17] If these principles sound familiar, it is because they are a restatement of traditional liberal political values—the rule of law, freedom of association, regular elections, and respect for human rights.[18]

Good governance/political liberalism is meant to improve how states behave towards their citizens. By participating in decisions, citizens are expected to make heir leaders answer for corrupt behaviour. Greater participation also is supposed to make the state more responsive to majority demands. Africa has been edging towards better governance since about 1990, though the achievements are plainly fragile.[19] Too often political reform is centralised and elitist, with little grass-roots involvement. Yet, the same can be said about Third World democratisation generally. Is Africa’s experience all that different from other developing regions’? The comparative data on democracy and political freedom should give us pause before concluding that Africa’s experience is unusual.

Table 5 reports two sets of data. The first is the Democracy Index, taken from *Polity III: Regime Change and Political Authority, 1800-1994*. This dataset focuses on eight indicators of political authority and regime type for 177 members of the international system. I have selected the variable for democracy, defined as the general openness of the political structure (scored on a zero to 10 scale). In 1994, the most recent year for which data are available, Africa’s mean performance was significantly worse than Latin America’s. The differences between the Middle East and Asia, however, were too slight to be statistically significant.

TABLE 5

Indicators of Democratic Tendencies
Mean Scores by Developing Country Regions

	Sub-Saharan Africa	Latin America & Caribbean	North Africa & Middle East	Asia & Pacific
Democracy index (1994)	3.4	7.1*	5.0	1.0
(0 = least openness, 10 = most)	(n = 36)	(n = 23)	(n = 17)	(n = 22)
Political Freedom index (1997)	9.1	5.2	7.7	11.8*
(2 = most freedom, 14 = least)	(n = 48)	(n = 33)	(n= 18)	(n= 35)

*Significantly different from sub-Saharan Africa at the 5 per cent level.

Taken from Keith Jaggers and Ted Robert Gurr, *Polity III: Regime Change and Political Authority, 1800-1994* (1995), computer file available from the Inter-university Consortium for Political and Social Research, Ann Arbor, Michigan; and Freedom House, (www.freedomhouse.org). The democracy index is a measure of political openness. The political freedom index is based on two sets of characteristics grouped under political rights (to participate freely in the political process) and civil rights (to develop views and institutions apart from the state).

The second indicator of democratisation in Table 5 is the Political Freedom Index for 1997. This subjective index is updated annually by Freedom House, a non-profit organisation that monitors political and civil rights around the world. The starting point for its index is a pair of checklists, one for political rights and one for political liberties. Each index is coded on a scale of one (free) to seven (not free). These are combined into the Political Freedom score. In this dataset, African countries are significantly *more* democratic than Asian countries. They are less democratic than Latin America and the Middle East, but not significantly so. So the relative status of competitive politics in Africa is ambiguous according to the two surveys. The region hardly exemplifies ‘good governance’ or political liberalism in any absolute sense. Yet, the area as a whole does not appear to be systematically less democratic than the Third World generally.

The average African state’s partly democratic properties shed light on the social cost of government downsizing. There is a vibrant debate in Africa (and elsewhere) over structural adjustment’s adverse effects on the voiceless and powerless. But a quasi-democratic regime usually has some interest in protecting its poor, or at least its urban poor, as a way to preserve its political legitimacy and stability. To the extent the numbers can be trusted, African states seem to have done more to mitigate the social cost of adjustment than is often imagined (see Table 6).

TABLE 6		
Government Social Performance in Africa		
	1980	1994
Public expenditures on health (share of GNP)	4.7%	5.8%[a]
Public expenditures on education (share of GNP)	1.0%	2.5%[a]
Per cent of population with access to safe water	34%[b]	47%
Per cent of population with access to health services	45%[c]	53%[d]
Calories per day as per cent of requirement	99% [b]	97%
Gross enrolment ratio (percent of age 6-23)	39%[b]	39%
Human Development Index	.283	.380

[a]1993 [b]1982 [c]1985-87 [d]1990-95

Figures taken from Ruth Sivard, *World Military and Social Expenditures* (Washington, various years); United Nations Development Programme, *Human Development Report* (New York, various years). The Human Development Index is based on three indicators of the quality of life: life expectancy, education levels, and average income. The index runs from 0 to 1, with higher numbers representing greater human development. Due to changes in methods, numbers are not strictly comparable between the two years.

In the aggregate, little evidence exists of net cutbacks in social programmes—perhaps due to the offsetting effects of foreign aid. Taking 1980 and 1993 as the beginning and ending years, we see public spending on education and on health both reportedly *increased* as a share of Africa's combined GNP. This occurred while overall government spending was flat or falling. Probably as a partial result, people's access to water and health care services went up during the period (or the nearest available years). The proportion of the school-aged population in school stayed the same. Africans can expect to live longer now and they are more likely to be literate, so the UNDP's Human Development Index (which is based on these factors, plus real income) also rose over the 1980-94 period. While no one should discount the depth of misery on the continent, it would be inaccurate to say that the average African state has been indifferent or passive about public welfare during the structural adjustment period. These states appear (again on average) to have at least held the line with many of their social programmes.

Perhaps social expenditures are why African states display a surprising degree of political stability, despite their limited resources, questionable legitimacy, and ethnic heterogeneity—factors we might expect to undermine stability.[20] If we look at the average African chief executive's term in office, he has served more years than his Latin American or Asian counterparts (though fewer years than are typical in the Middle East). In fact, one problem in Africa has been the refusal of 'dinosaur' rulers like Robert Mugabe to step aside. Likewise, illegal challenges to the political leadership do not appear to be unusually frequent in the region. They happen, but that is typical of the Third World.

Some scholars have constructed overall indexes of political instability. Two indexes are reported in Table 7. They are based on the number of coups d'etat and similar illegal or violent incidents, running over many years and ending in the 1980s. Any tally of such events is subject to error, due principally to underreporting in countries of less interest to foreign media. These mistakes in the data may be most severe for Africa. With that caveat in mind, neither index shows Africa's political systems are necessarily shakier than the norm in other broadly defined developing regions. To the extent lack of stability is a problem, it has not been extraordinarily severe in Africa for the periods that have been reviewed.

TABLE 7

Indicators of Political Instability
Africa versus other developing regions

	Sub-Saharan Africa	Latin America & Caribbean	North Africa & Middle East	Asia & Pacific
Political instability quotient (1948-82) (lower is more stable)	35.7 (n = 26)	32.5 (n = 22)	41.0 (n = 13)	55.2 (n = 14)
Socio-political instability index (1960-85) (lower is more stable)	4.39 (n = 19)	5.54 (n = 17)	-0.72 (n = 6)	5.68 (n = 8)

The political instability quotient is calculated from the number of political demonstrations, riots, political strikes, deaths from political violence, assassinations, armed attack events, political executions, coups (successful and unsuccessful) and the government profile. The socio-political instability index is based on the number of politically motivated assassinations, the number of people killed in domestic mass violence, the number of successful and unsuccessful coups, and a dummy variable for democracy.

Taken from Dipak Gupta, *The Economics of Political Violence: The Effect of Political Instability on Economic Growth* (New York, 1990); Alberto Alesina and Roberto Perotti, 'Income Distribution, Political Instability and Investment', *European Economic Review* 40, 6 (1996), pp. 1203-228.

What about government capacity to nurture the business sector? Successful states in the capitalist world defend and encourage an environment for private enterprise. Two approaches have been used to put numbers on this aspect of the state's productive role. One approach is subjective, based on the opinions of external experts. The second approach is to find indirect, objective indicators of government capacity.

Table 8 shows the results of a pair of subjective evaluations, comparing Africa with other developing regions. One need not subscribe to the ideology underlying these indexes to think that they accurately reflect the ability of states to create market-friendly economic conditions. The first index (Rule of Law) is taken from the Economic Freedom Network's annual survey of economic freedom. This survey represents an ongoing effort to measure economic freedom across countries. Africa does significantly worse on the Rule of Law index than does the Middle East, but scores about the same as Latin America and Asia. The second subjective rating comes from the Heritage Foundation's similar survey of business conditions. This Index of Economic Freedom measures how well countries score on 50 criteria, divided into 10 broad factors.[21] There are no significant differences in economic freedom across regions. Africa has a generally poor business environment, according to the Heritage Foundation, but so does the rest of the developing world.

TABLE 8

Indicators of the Business Environment
Africa versus other developing regions

	Sub-Saharan Africa	Latin America & Caribbean	Middle East & North Africa	Asia & Pacific
Rule of Law (1997)	6.7	7.5	8.1*	7.7
(0 is best, 10 is worst)	(n = 29)	(n = 23)	(n = 12)	(n = 15)
Index of Economic Freedom (1999)	3.6	3.0	3.3	3.2
(1 is best, 5 is worst)	(n = 42)	(n = 27)	(n = 23)	(n = 16)
Contract Intensive Money (1969-90)	.67	.80*	.64	.79*
(0 is worst, 1 is best)	(n = 34)	(n = 22)	(n = 9)	(n = 13)

*Significantly different from sub-Saharan Africa at the 5 per cent level.

The Rule of Law indicator reflects the degree to which a country's citizens are willing to accept the established institutions to make and execute laws, and adjudicate disputes that may ensue. States are given a lower score when there is a tradition of settling claims with illegal means or violence. The Index of Economic Freedom is based on trade policy, taxation government intervention in the economy, monetary policy, capital flows and foreign investment, banking, wage and price controls, property rights, regulation, and black market. Contract Intensive Money is the ratio of non-currency money to the total money supply. This indicator reflects the proportion of transactions in a society that rely on third-party enforcement. In well-governed societies, currency is only used for small transactions; in poorly governed societies, the opposite is true.

Figures taken from Economic Freedom Network (www.freetheworld.com); Heritage Foundation (www.heritage.org); Christopher Clague, Philip Keefer, Stephan Knack, and Mancur Olson, 'Contract Intensive Money: Contract Enforcement, Property Rights, and Economic Performance', *IRIS Working Paper No. 151* (College Park, Maryland, 1995).

The Economic Freedom Network and Heritage Foundation time series lean heavily on expert opinion, less on objective criteria. So there are grounds to doubt the patterns they show. To get a firmer grip on government capacity to provide sound business environments, researchers at the University of Maryland have come up with a more impersonal measure. They call it Contract

Intensive Money. It is the proportion of non-currency money in the money supply. The higher the ratio, the greater the business and consumer confidence in the state. Contract Intensive Money assumes, plausibly, that economic actors increase their cash holdings when they mistrust their government and expect it to act in an arbitrary manner. As Table 8 also shows, Africa comes out near the bottom of the international comparison in Contract Intensive Money over a two-decade period, ending in 1990. It does much worse than either Latin America or Asia (with significance at the 95 per cent confidence level), and about the same as the Middle East.

Africans unusual preference for cash indicates, in a roundabout way, that national business climates in Africa are below par for the Third World. These results contradict the Economic Freedom Network and Heritage Foundation, perhaps due to the different method, perhaps to the different period.

Conclusion

Our brief tour of the data on non-market failure suggests that, Africa, *as a region*, is no worse than other regions in matters of government excess. Without passing judgement on the absolute levels of government activity anywhere, African states are not singularly more likely to spend large shares of GNP, to employ high ratios of the population in bureaucratic jobs, or to own extensive state-owned enterprises. To the extent African states make errors of commission, it is in relation to their own skills and resources, not to what governments are doing in other developing areas.

The data on non-market errors of omission are more equivocal. On some counts, Africa looks similar to Asia or Latin America, and on other counts not. There is little doubt that, in an absolute sense, African states leave many important tasks undone—they do too little to prevent corruption, to protect civil and political rights, to secure the legal environment for business. Yet, other regions display many of the same deficiencies (though none is deficient on all the same indicators). Each part of the Third World has its own contours.

There is another message from this exercise in comparative political analysis. Continent-wide generalisations like I have been making obscure significant diversity *among* African states themselves. Non-market failures are not evenly distributed across the continent. The same is true in Asia, Latin America, and anywhere else. Some societies govern themselves better than others, though the averages do not show this. Ultimately, the intra-Africa differences are as interesting as any inter-regional similarities. The range of government performance suggests a limit to generalisations about Africa's several dozen states, each with its particular history.

Botswana or Mauritius are not at all like, say, Nigeria or the former Zaire. The first two countries score high on most of the indicators presented in this paper: Their readings indicate big government, competitive politics, honest administration, and friendliness to private enterprise. The Nigerian and Zairois states score low on the same measures: each is unstable, authoritarian, corrupt, and inhospitable to private enterprise. Many other sub-Saharan nations, for example Ghana or Uganda, fall into an intermediate category.

Given the degree of political diversity in the region, care must be exercised in speaking of a 'typical' African state. The regional means I have reported are useful to challenge superficial or unfounded generalisations about non-market failure. But they are only the middle points between extremes, and bear no necessary correspondence to any real country in Africa or other regions. The datasets also leave out many potentially important factors. Finding out how an abstract African or Asian state ranks on a few variables, and comparing the results, tells us nothing about the exceptional cases. The more meaningful comparisons are to be made at the level of individual countries, especially by carefully constructed analysis of pairs of countries. We can learn a lot about non-market failure in Africa by looking in depth at successful states, and identifying the significant points of contrast with the less successful cases, either within the region or from elsewhere.

Endnotes

[1] This last designation comes from the title of Jonathan H. Frimpong-Ansah, *The Vampire State in Africa: The Political Economy of Decline in Ghana* (Trenton, New Jersey, 1991). Two recent review articles on the extensive literature dealing with the nature of the African state are Pierre Englebert, 'The Contemporary African State: Neither African nor State', *Third World Quarterly* 18, 4 (1997), pp. 767-75; and Ernest Harsch, 'African States in Social and Historical Context', *Sociological Forum* 12, 4 (1997), pp. 671-79.

[2] See for example, Martin Doornbos, 'The African State in Academic Debate—Retrospect and Prospect', *Journal of Modern African Studies* 28, 2 (1990), pp. 179-98.

[3] Many observers note this diversity, for example Jennifer Widener, 'States and Statelessness in Late Twentieth-Century Africa', *Daedelus* 124, 3 (1995), pp. 129-53.

[4] Charles Wolf, Jr. (1988) *Markets or Governments: Choosing Between Imperfect Alternatives* (Cambridge Massachusetts, 1988), p. 37.

[5] Whether African states can actually assert their legal authority is another matter. Many observers contend that, aside from their sovereignty under international law, few of these entities merit the designation 'state'. See for example Jeffrey Herbst, 'Responding to State Failure in Africa', *International Security* 21, 3 (1996), pp. 120-44.

[6] This list of admonitions is inspired by John Williamson, 'Democracy and the Washington Consensus', *World Development* 21, 8 (1993), pp. 1329-36.

[7] The official turning point with respect to Africa was the World Bank's report, *Sub-Saharan Africa From Crisis to Sustainable Growth A Long-Term Perspective Study* (Washington, 1989), which emphasised governance issues.

[8] Larry Diamond, 'Class Formation in the Swollen African State', *Journal of Modern African Studies* 25, 4 (1987), pp. 567-96; Asmelash Beyene and Ejeviome Eloho Otobo, 'Public Administration in Africa: Past Trends and Emerging Challenges', *African Journal of Public Administration and Management* 3, 2 (1994), pp. 1-30.

[9] African Development Bank, *Africa Development Report 1997* (Oxford, 1998).

[10] Salvatore Schiavo-Campo, Giulio de Tommaso, and Amitabha Mukherjee, 'An International Statistical Survey of Government Employment and Wages', *World Bank Policy Research Working Paper 1806* (Washington, 1997). The countries are Burundi, Botswana, Cameroon, Congo, Kenya, Mauritius, Senegal, South Africa, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

[11] Peter S. Heller and Alan A. Tait, 'Government Employment and Pay: Some International Comparisons', *International Monetary Fund Occasional Paper 24* (Washington, 1983); Schiavo-Campo, *op. cit.*; Ian Lienert and Jitendra Modi, "A Decade of Civil Service Reform in Sub-Saharan Africa," *IMF Working Paper 97/179* (Washington, 1997).

[12] Oliver Campell White and Anita Bhatia, *Privatisation in Africa* (Washington, 1998), pp. 138-39.

[13] Jeffrey Herbst, 'The Structural Adjustment of Politics in Africa', *World Development* 18, 7 (1990), pp. 949-58.

[14] Deborah Brautigam, 'State Capacity and Effective Governance', in Benno Ndulu and Nicholas van de Walle (eds.), *Agenda for Africa's Economic Reneweal* (Washington, 1996).

[15] The phrase was coined in reference to India by Gunnar Myrdal, *Asian Drama: An Inquiry into the Poverty of Nations* (New York, 1968). A notable application to Africa is Goran Hyden *No Short Cuts to Progress* (Berkeley, 1983). The concept is not without critics, such as Robert Fatton, Jr., 'The State of African Studies and Studies of the African State—The Theoretical Softness of the Soft State', *Journal of Asian and African Studies* 24, 3-4 (1989), pp. 170-87. Fatton claims, somewhat implausibly, that the African state has always found the power to set the national economic agenda and advance the interests of bureaucrats.

[16] United Nations Development Programme, *Governance for Sustainable Human Development*, A UNDP Policy Document (New York, 1997), pp. 2-3.

[17] World Bank, *Governance* (Washington, 1994), p. xiv. The donor community has been criticised for applying a Western blueprint to African political systems. See Nelson Kasfir, 'Civil Society, the State and Democracy in Africa', *Commonwealth and Comparative Politics*, 36, 2 (1998), pp. 123-49.

[18] Morris Szeftel, 'Misunderstanding African Politics: Corruption and the Governance Agenda', *Review of*

African Political Economy, 25, 76(1998), pp. 221-40, claims that democratisation and liberalisation create new conditions under which corruption flourishes. But the data show the opposite, according to cross-national analyses by Arthur A. Goldsmith, 'Slapping the Grasping Hand: Correlates of Political Corruption in Emerging Markets', *American Journal of Economics and Sociology*, 58 (forthcoming).

[19] Richard Joseph, 'Democratisation in Africa after 1989: Comparative and Theoretical Perspectives', *Comparative Politics* 29, 3 (1997), pp. 363-83; Michael Bratton and Nicholas van de Walle, *Democratic Experiments in Africa* (Cambridge, 1997).

[20] Empirical indicators exist for political legitimacy and ethnic heterogeneity. They show that Africa is different, with lower legitimacy and greater heterogeneity than in other regions. See Pierre Englerbert, 'Do Social Capital and Ethnic Homogeneity Really Matter?', Paper Prepared for the 1998 Annual Meeting of the American Political Science Association (Boston, 1998).

[21] For details see James Gwartney and Robert Lawson, *Economic Freedom of the World: Annual Report 1999* (Vancouver, 1998); and Bryan Johnson, Kim R. Holmes, and Melanie Kirkpatrick, *1999 Index of Economic Freedom* (Washington and New York, 1998).

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